

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5034-01
Bill No.: SB 966
Subject: Boards, Commissions, Committees, Councils; Counties; Emergencies; Public Safety Department; Public Service Commission; Telecommunications
Type: Original
Date: March 19, 2010

Bill Summary: This proposal modifies provisions pertaining to enhanced 911 services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$17,185 to \$68,740)	(\$20,622 to \$82,488)	(\$20,622 to \$82,488)
Total Estimated Net Effect on General Revenue	(\$17,185 to \$68,740)	(\$20,622 to \$82,488)	(\$20,622 to \$82,488)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Wireless Service Provider 911 Service	\$0	\$0	\$0
Telecommunicator Standards and Training	\$1,020,000 to \$4,080,000	\$1,530,000 to \$6,120,000	\$1,530,000 to \$6,120,000
Public Service Commission	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,020,000 to \$4,080,000	\$1,530,000 to \$6,120,000	\$1,530,000 to \$6,120,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	Less than \$36,352,800	Less than \$54,529,200	Less than \$54,529,200

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Office of Public Counsel, Department of Revenue**, and the **Department of Public Safety - Highway Patrol and State Emergency Management Agency** each assume the proposal would not have a fiscal impact on their respective agencies.

Officials from the **Office of Administration - Information Technology Services Division (OA-ITSD)** state they are in charge of the 'pass thru' telecommunications billing for all state agencies. The minimum cost, per fiscal year, for state agencies at 25 cents per month would be \$20,622. The maximum cost, per fiscal year, for state agencies at \$1.00 per month would be \$82,488. Included in the estimates were the statewide total of blackberries (1,273) and cell phones (5,601) for a total of 6,874 wireless devices. PC Cards were not included in the estimate.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** state;

- Section 190.430.1. authorizes the Commission to assess a charge to wireless service providers to fund the "Wireless Service Provider Enhanced 911 Service Fund" (wireless fund). The charge can be reviewed annually.
- Section 190.430.3. authorizes the universal service board (USB) to administer the wireless fund and distribute the moneys to public safety answering points and for use as grants, next generation 911, etc.
- Section 190.430.4. states that each public answering point (PSAP) shall submit an annual report to the USB.
- Section 190.430.3.(3) allows the USB to retain up to one percent of the moneys in the fund for administrative cost recovery. Activities related to the wireless fund will be completed by the Commission, the Universal Service Board (comprised of the five Commissioners and the Public Counsel), the staff of the Commission and the staff of the Office of Public Counsel. Currently, Commission activities and Board activities involving the Commissioners and its Staff are funded through the PSC assessment. The proposed legislation should allow for reimbursement of the PSC Fund from the one percent USB administrative cost recovery for wireless fund-related activities performed by appropriated Staff. That change will promote efficiency and cost-effectiveness, as it will avoid the USB having to retain additional FTE or contracted staff.

ASSUMPTION (continued)

PSC states the duties will include assisting the Commission in setting the initial assessment, reviewing it every year and making recommendations to the Commission on the proper surcharge level, receiving annual reports from Public Safety Answering Points, identifying and monitoring the wireless provider assessments/payments. PSC assumes the funding for the new FTE will be from the PSC fund. PSC assumes the cost of this additional FTE will total roughly \$75,000 per year.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of the State Treasurer** did not respond to our request for fiscal impact.

Existing Sections 190.430 - 190.440 authorized a fee to be collected and deposited into the Wireless Service Provider Enhanced 911 Service Fund (fund number 854), with voter approval. The voters of Missouri defeated the referendum in August, 2002. Therefore, no activity has occurred in fund 854 to date. This proposal removes the voter approval requirement and allows the PSC to charge the fee.

According to the Statistical Abstract of the United States, there were approximately 270.3 million cellular telecommunications subscribers in 2008. Assuming Missouri accounted for approximately 1.9% of these, there would be roughly 5.1 million subscribers in Missouri. Since the PSC must charge between \$0.25 and \$1.00 per month, **Oversight** will range the amount of new income into the Wireless Service Provider Enhanced 911 Service Fund from \$15.3 million (5,100,000 subscribers x \$0.25 x 12 months) to \$61.2 million (changed a dollar instead of a quarter).

Oversight will reflect the potential administrative costs of the Universal Service Board to be from the Public Service Commission Fund.

ASSUMPTION (continued)

This proposal would increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Costs</u> - OA-ITSD new fee imposed for cell phone usage	(\$17,185 to <u>\$68,740</u>)	(\$20,622 to <u>\$82,488</u>)	(\$20,622 to <u>\$82,488</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(\$17,185 to <u>\$68,740</u>)	(\$20,622 to <u>\$82,488</u>)	(\$20,622 to <u>\$82,488</u>)

**WIRELESS SERVICE PROVIDER
 ENHANCED 911 SERVICE FUND**

<u>Income</u> - Public Service Commission PSC charges between \$0.25 and \$1.00 per each wireless device through which 911 services may be accessed (Section 190.430.1)	\$10,200,000 to \$40,800,000	\$15,300,000 to \$61,200,000	\$15,300,000 to \$61,200,000
<u>Transfer Out</u> - to the Telecommunicator Standards and Training Fund (Section 190.425 states 10% of deposits to go to new fund)	(\$1,020,000 to \$4,080,000)	(\$1,530,000 to \$6,120,000)	(\$1,530,000 to \$6,120,000)
<u>Costs</u> - 60% of balance of moneys in the fund shall be proportionately distributed to public safety answering points (190.430.3 (1))	(\$5,508,000 to \$22,032,000)	(\$8,262,000 to \$33,048,000)	(\$8,262,000 to \$33,048,000)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Costs</u> - 39% of moneys in the fund shall be used for grants, next generation 911, and to assist public safety answering points with heavy seasonal call volume (190.430.3(2))	(\$3,580,200 to \$14,320,800)	(\$5,370,300 to \$21,481,200)	(\$5,370,300 to \$21,481,200)
<u>Transfer Out</u> - to PSC Fund - up to 1% of moneys in the fund may be retained by the Universal Service Board for administrative costs recovery (190.430.3 (3))	(\$91,800 to <u>\$367,200</u>)	(\$137,700 to <u>\$550,800</u>)	(\$137,700 to <u>\$550,800</u>)
ESTIMATED NET EFFECT TO THE WIRELESS SERVICE PROVIDER ENHANCED 911 SERVICE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**TELECOMMUNICATOR
STANDARDS AND TRAINING FUND**

<u>Transfer In</u> - from Wireless Service Provider Enhanced 911 Service Fund	\$1,020,000 to <u>\$4,080,000</u>	\$1,530,000 to <u>\$6,120,000</u>	\$1,530,000 to <u>\$6,120,000</u>
ESTIMATED NET EFFECT TO THE TELECOMMUNICATOR STANDARDS AND TRAINING FUND	\$1,020,000 to <u>\$4,080,000</u>	\$1,530,000 to <u>\$6,120,000</u>	\$1,530,000 to <u>\$6,120,000</u>

FISCAL IMPACT - State Government
 (continued)

FY 2011
 (10 Mo.)

FY 2012

FY 2013

**PUBLIC SERVICE COMMISSION
 FUND**

Transfer In - from Wireless Service
 Provider Enhanced 911 Service Fund
 (190.430.3 (3))

\$91,800 to
 \$367,200

\$137,700 to
 \$550,800

\$137,700 to
 \$550,800

Costs - Universal Service Board
 (administrative costs allowed)

(\$91,800 to
\$367,200)

(\$137,700 to
\$550,800)

(\$137,700 to
\$550,800)

**ESTIMATED NET EFFECT TO THE
 PUBLIC SERVICE COMMISSION
 FUND**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2011
 (10 Mo.)

FY 2012

FY 2013

LOCAL POLITICAL SUBDIVISIONS

Income - to Public Safety Answering
 Points - up to 99 percent of new charges
 could be distributed down

Up to
 \$36,352,800

Up to
 \$54,529,200

Up to
 \$54,529,200

Costs - increased cell phone charges

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT TO
 LOCAL POLITICAL SUBDIVISIONS**

Less than
\$36,352,800

Less than
\$54,529,200

Less than
\$54,529,200

FISCAL IMPACT - Small Business

Small businesses would pay more for their cell phones and small businesses that are considered Public Safety Answering Points would receive additional funding as a result of this proposal.

FISCAL DESCRIPTION

The act modifies provisions pertaining to enhanced 911 services.

Under current law, the Wireless Service Provider Enhanced 911 Advisory Board consists of 8 members. The act reduces the number to 7 by removing the 3 members representing wireless service providers, reducing from 3 to 2 the representatives of public safety answering point organizations (PSAPs), adding a member appointed by the Governor, and adding 2 representatives of 911-affiliated organizations. It modifies the PSAP representation by requiring one member to represent rural PSAPs and one member to represent urban PSAPs.

The act adds duties for the Wireless Service Provider Enhanced 911 Advisory Board: setting and enforcing enhanced 911 training requirements, reviewing annual reports submitted by PSAPs, studying the feasibility of PSAP consolidation, and reviewing and approving the awarding of grants to PSAPs.

The act creates the Telecommunicator Standards and Training Fund, which will receive 10% of the funds deposited into the existing Enhanced 911 Service Fund. The funding will be used for enhanced 911 training.

Under current law, the Office of Administration is authorized to collect a fee per cell phone from wireless service providers. The act repeals this authority and instead allows the Public Service Commission (PSC) to assess the charge, to be set at not less than 25 cents or more than \$1 per cell phone. Payments by wireless service providers shall be made monthly to the Department of Revenue, which are deposited to the credit of the Enhanced 911 Fund. The act transfers the authority to administer the Enhanced 911 Fund from the Office of Administration to the Universal Service Board. The act modifies the distribution of the funding from the Enhanced 911 Fund such that: 60% of the funds must be distributed to PSAPs based on the number of cell phones in their jurisdiction; 39% of the funds are to be used for grants, next generation 911, and to assist PSAPs with heavy seasonal call volume; and 1% of the funds may be retained by the Universal Service Board for administration.

FISCAL DESCRIPTION (continued)

PSAPs must submit an annual report to the Universal Service Board that lists employee information, call volume, and certain certification for medical dispatch agencies.

Under current law, the Office of Administration must review the funding distribution from the Enhanced 911 Fund and make any necessary adjustments to the fee. The act changes this authority to the PSC.

Counties with multiple PSAPs must develop a plan to consolidate using either physical consolidation or virtual consolidation. Second and third-class counties using physical consolidation must consolidate by 75% in 10 years. First-class and charter counties using physical consolidation must consolidate by 50% in 10 years. Counties that choose to virtually consolidate must show what equipment will be consolidated and the method of connectivity to be used between PSAPs. Consolidation plans must be developed before any such PSAPs will be eligible to receive funding from the Enhanced 911 Fund.

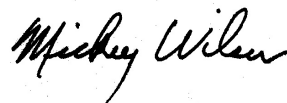
The act removes the requirement that the voters must approve the imposition of the fee on wireless service providers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Revenue
Office of Administration
Public Service Commission
Office of Public Counsel
Office of the Secretary of State

NOT RESPONDING:
Office of the State Treasurer



L.R. No. 5034-01
Bill No. SB 966
Page 10 of 10
March 19, 2010

Mickey Wilson, CPA
Director
March 19, 2010